GOVERNMENT OF INDIA
SHIPPING, ROAD TRANSPORT AND HIGHWAYS
LOK SABHA

UNSTARRED QUESTION NO:2748
ANSWERED ON:05.12.2007
PROCEDURE FOR APPOINTMENT OF AGENTS IN SCI
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Will the Minister of SHIPPING, ROAD TRANSPORT AND HIGHWAYS be pleased to state:

(a) whether the procedure for appointment of Agents in the Shipping Corporation of India require any bank guarantee from such agents;

(b) if so, the details thereof;

(c) the number of agents registered with SCI during 2006 and 2007 and the number of agents who have submitted their bank guarantees to the company; and

(d) the action taken by the Government in this regard?

Answer

MINISTER OF SHIPPING, ROAD TRANSPORT AND HIGHWAYS (SHRI T.R. BAALU)

(a) & (b): Yes, Sir. The procedure followed by Shipping Corporation of India (SCI) for appointment of agents provides for obtaining bank guarantee from agents. In June, 2000, separate guidelines have also been framed for obtaining bank guarantees. Based on the above, bank guarantees are obtained from agents taking into account the following factors:

Bank guarantees are to be obtained from those agents, having annual freight collection exceeding U.S. $ 1 million.

The quantum of bank guarantee is to be decided by the SCI's Standing Committee on Agents, equivalent to 4-6 weeks freight collection.

In case of tramp agents, bank guarantee may be taken on the basis of estimated volume of disbursement. (Tramp Agents are those who attend to the vessels husbanding/servicing requirements of vessels (Bulk Carriers and Tankers) which call at various ports as per the Shipowners/Charterers requirement. They do no attend to any liner vessels hence they are not involved in marketing and solicitation of cargo. They look after connecting and coordinating with the supply of stores, spares, bunkers, fresh water, personnel and meet the medical requirements of the officers and crew).

(c): The number of agents registered during 2006 & 2007 (so far) are 5 and 4 respectively. Out of this, a bank guarantee of US$ 50,000 has been obtained from one agent, M/s Ocean Masters L.L.C., Agents at Dubai and U.A.E. ports. The other agents did not fall within the purview of the guidelines mentioned at (a) & (b) above. The total number of agents registered with SCI is 128 and out of this bank guarantees have been obtained from 18 agents as per the guidelines mentioned at (a) & (b) above. Bank guarantees have not been taken from the agents who are collecting freight cheques in the name of SCI and depositing the same in the dedicated SCI bank accounts.

(d): Government has directed SCI to review and revise the agency agreement executed with its agents and to open separate bank accounts for collection and disbursement. The progress in this regard is being monitored.